



MagneticYRO

ANNUAL REPORT 2019

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CEO'S FOREWORD

Following on from summarising our 2018 annual yearbook with the statement, 'we look forward to continuously serving our existing and new stakeholders', in February 2019, Magnetic MRO bonds started trading on NASDAQ First North. Our bonds experienced high popularity among both institutional and private investors. The capital gained was used to execute one of our most significant milestones in 2019 – the addition of a new strategic pillar to Magnetic MRO group companies by acquiring 100% of the Direct Maintenance shares – an Amsterdam-based independent line maintenance provider, having its footprint in seven different countries. Strategically this brought our company into the wide-body aircraft market. If we look at global annual MRO industry spending, then airline expenditure for line maintenance has already passed that for base maintenance.

As commercial pressure continuously stimulates manufacturers to design solutions that enable maximum time in the air, our strategic intentions do not stop at standard line maintenance. In 2019 we decided to invest and ramp up our line-maintenance capabilities for engines. Today we cover a wide range of servic-

es on CFM56 family engines. If we add our Enginestand24 brand into the equation, which is pioneering the engine stand rental business, then our vision is to become 'The preferred choice (#1) by airlines for line-maintenance services'. For us, line maintenance is not just a man with a toolbox – we will challenge the service as it is currently known.

Enginestands24 deserves attention of its own. In July we expanded into a new market: China. Having devised the unique engine stand rental service, we have now become true pioneers on almost every continent. Our service was greeted by a record number of new long-term customers and the track record has given us the confidence to continue innovating the industry. The existing and new customers will continue benefiting from a wider range of products and number of rental hubs. In late 2019, further expansion into wide-body aircraft engine stands was also confirmed.

In late 2019, we decided to relocate the manufacturing arm of our group, MAC Aero Interiors, from the United Kingdom (UK) to Tallinn. We are going to keep the legal entity in the UK and, depending on the final outcome of Brexit, we are going to

adapt as needed. One of the drivers of such a shift was that Magnetic MRO is going to pay significant attention to ramping up its manufacturing capabilities, as well as further developing its relationships with Original Equipment Manufacturers (OEMs). This, consequently, does not allow us to leave our fate in the hands of political debates.

Now you have had a glimpse of some of our milestones of 2019, I encourage you to dive into some more interesting facts, figures and future plans, and keep turning the pages. Additionally, at the time this annual yearbook was prepared, we were already in the unprecedented era of Covid-19. In the following pages we will share with you an in-depth overview of its impact and what to look forward to from our business.

CEO_RISTO MÄEOTS



GLOBAL REACH



- OFFICES
- KEY HANGXIN BASES
- LINE STATIONS
- ENGINE STANDS 24 + WAREHOUSES
- PARTNERS



2019
KEY FIGURES

REVENUE | **107,980 m EUR**

REVENUE GROWTH | **19%**

EBITDA | **3,091 m EUR**

WORKFORCE | **622**

WORKFORCE INCREASED | **45%**

ENGINES SERVICED | **38**

MAINTENANCE CHECKS | **62**

AIRCRAFTS TRADED | **7***

ENGINES TRADED AND LEASED | **12***

LANDING GEARS, WHEELS AND BRAKES TRADED | **225**

ESCAPE SLIDES TRADED | **160**





INSIGHTS TO COMMERCIAL TRENDS

The year 2019 started with very ambitious goals ahead. Magnetic MRO had well established business units with the potential to grow and achieve set targets. However, 2019 was also known as a year of many bankruptcies in the aviation industry; for example, Thomas Cook Airlines, Adria Airways, Jet Airways, WOW Air, etc. It had both a negative and positive effect on Magnetic MRO. It also showed that the aviation industry is very interconnected, and only those who react fast can get through with a positive outcome. Magnetic MRO secured new customers and supported existing ones, which allowed relationships to develop further and this strengthened Magnetic MRO's position in the market as a Total Technical Care Organisation.

We didn't know at that time that our ability to adapt would be tested so soon once again.

The beginning of 2020 carried a challenging but still achievable target backed up with a clear action plan to execute it. Magnetic MRO, including all group companies, exceeded budgeted numbers for Q1 2020. Nevertheless, at the end of

this quarter it was already clear that the final result of the year would be affected negatively by the evolving pandemic situation that has hit the aviation industry extremely hard. Indeed, we had to take time to regroup ourselves from a commercial perspective. In the meantime, hard measures were taken towards cost cutting.

It is clear to see that our wide portfolio of services has proven once again to be the right business model. While some units struggled more than others, like the components trading division, others were busy more than ever – engine stands, line maintenance, etc. The tremendous demand for aircraft parking and storage has opened up new opportunities to make the most of and has allowed us to shift our focus towards the emerging needs of airlines, leasing companies, aircraft owners and other partners.

The company's decision to invest in expanding the engine repair capability has also proven positive. Operators are seeking alternative solutions to reduce the need to send assets to engine repair shops; therefore, module changes and hospital repairs are the preferred options. In

the light of COVID-19, this tendency keeps increasing.

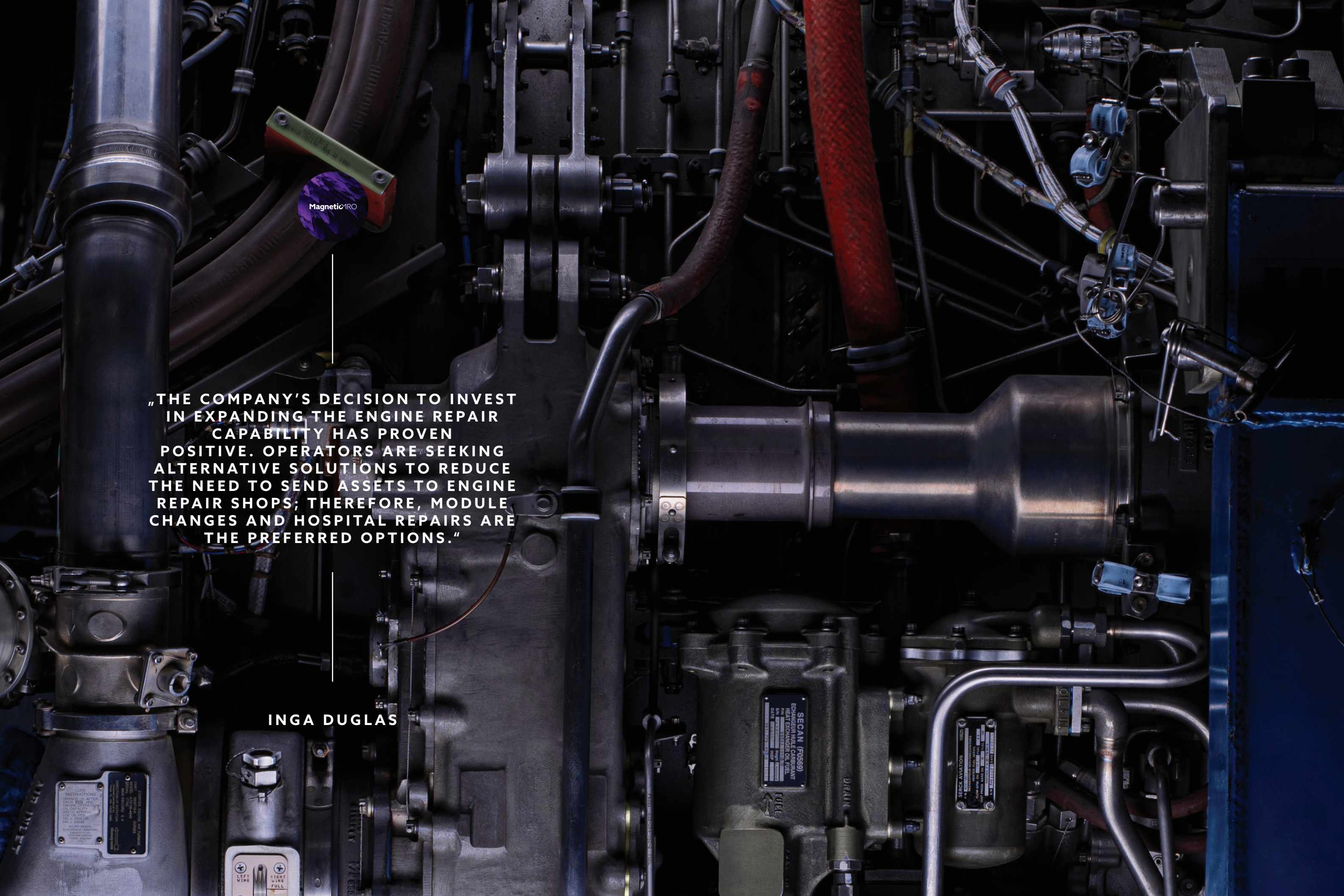
Cabin interior design and production business unit is actively developing retrofit programmes that allow upgrading of aircraft interior on a reasonable budget. Business unit also develops further cooperation with aircraft manufacturers, OEMs, premium airlines in the search for an effective, innovative solution that the aviation industry is in so much need of right now.

No doubt, the aviation environment will continue to be unstable for the upcoming years; however, the Magnetic MRO team is confident it can overcome future challenges with a clear focus on opportunities and customers' needs. We have revised and will continue to invest in growing business lines, while restructuring departments and their product and service portfolios to reflect new market trends.

In the middle of chaos lie opportunities, and Magnetic MRO keeps its focus on these.

CCO_INGA DUGLAS





MagneticPRO

“THE COMPANY’S DECISION TO INVEST IN EXPANDING THE ENGINE REPAIR CAPABILITY HAS PROVEN POSITIVE. OPERATORS ARE SEEKING ALTERNATIVE SOLUTIONS TO REDUCE THE NEED TO SEND ASSETS TO ENGINE REPAIR SHOPS; THEREFORE, MODULE CHANGES AND HOSPITAL REPAIRS ARE THE PREFERRED OPTIONS.”

INGA DUGLAS

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SEARCH AVIATION
SERIAL NO. 1002
DATE



2019 MILESTONES

JANUARY 2019

MAGNETIC MRO OPENS NEW LINE-MAINTENANCE STATION IN NORWAY

This was the seventh line station for Magnetic MRO, taking the company into the TOP 3 line-maintenance networks in Europe.

FEBRUARY 2019

MAGNETIC MRO STARTS BOND TRADING

Magnetic MRO announced bond trading on the NASDAQ Baltic First North bond market as of February 14th. Magnetic MRO carried through a private placement of unsecured bonds and raised 8 million EUR to support the company's growth plans, including financing a strategic acquisition.

MARCH 2019

MAGNETIC MRO ACQUIRES DIRECT MAINTENANCE AND ENTERS THE WIDE-BODY MARKET

Direct Maintenance is an independent, Amsterdam-based MRO provider that's specialised in line maintenance for narrow- and wide-body aircraft. The deal added Airbus A380 and Boeing 787 to the Magnetic MRO group's capabilities and doubled its global line-station network, while allowing the Dutch company to keep the Direct Maintenance brand.

APRIL 2019

MAGNETIC MRO BECOMES PART OF THE ESTONIAN AVIATION CLUSTER

The Cluster was created in the hope of collaborating with Estonian aviation enterprises and organisations, to have a say in the creation of the national aviation strategy, and to increase the attractiveness of Estonia as an aviation country for foreign investors.

MAY 2019

MAGNETIC MRO LAUNCHES THE VIRTUAL INTERIOR INSPECTOR APPLICATION

The introduction of a new virtual service that allows airline workers and maintenance teams to connect when logging damage found in the passenger cabin of a commercial airliner.

JUNE 2019

MAGNETIC MRO PAINTS AN AIR-BALTIC AIRCRAFT IN A SPECIAL ESTONIAN FLAG LIVERY

The special Estonian flag livery was painted to mark the upcoming 30th anniversary of the Baltic Way. Two more aircrafts were painted in Latvian and Lithuanian flag liveries respectively.

MARKO MÄNNISTE, MANAGING DIRECTOR AT MAC AERO INTERIORS

As it is in our blood to be great in what we do, we saw that we needed additional tools to cope with our expansion and give extraordinary service to our customers. Therefore, we decided to go with a tailor-made application that helped us to take our service to the next level. Now we have a fully customisable inspection tool to record and report back to customers about the damage found in their aircraft cabin.

RIHARDS PRIEDKALNS, AIRCRAFT PAINTSHOP MANAGER

It was great to participate in this project! It makes me proud to live in the Baltic states, and to take on these liveries was a special milestone in my career. Additionally, we gained great knowledge of a new A220 aircraft type to add to our portfolio, and it also exposed Estonia's and the other Baltic states' names and colours all over Europe and further away.



DAIVA ZEMAITE, HEAD OF ENGINESTANDS24

China is a huge market with great potential, and we are happy to have strengthened our position in this market. Also, the new hub was opened in order to reach our main strategic goals, which are to grow geographically and increase the selection of engine stands. It has enlarged our geographical presence and can be considered a really great advantage to our customers, especially those who have worldwide operations.

SERGEI SHKOLNIK, HEAD OF BASE MAINTENANCE

Back in 2002, we had only one bay with about a dozen heavy maintenance checks per year. Nowadays, we have multiple bays with automated docking stations, an RFID tooling system, and other tech-oriented solutions that are empowered by LEAN processes. This allows us to conduct more checks – and such milestones really make us see how fast we are growing.

JULY 2019

ENGINESTANDS24 OPENS NEW HUB IN CHINA

The company expanded into this new market to be able to provide more prompt engine stand lease and management solutions for clients in the region.

AUGUST 2019

MAGNETIC MRO COMPLETES 600TH C-CHECK

A symbolic milestone for the company, which also signified the growing efficiency and expansion for our clients' portfolios.

SEPTEMBER 2019

MAGNETIC MRO OPENS A NEW OFFICE IN KUALA LUMPUR, MALAYSIA

The expansion to South-East Asia aimed to introduce Magnetic MRO services to the local market by developing technical training, engineering and DOA solutions for Malay, Indonesian, Singaporean, Thai, Vietnamese and other aircraft operators and maintenance organisations in the region. In addition, Magnetic MRO aims to provide local airlines, MROs and other market players with a spare parts supply for scheduled and AOG aircraft.

MAGNETIC MRO COMPLETES 600TH C-CHECK
A SYMBOLIC MILESTONE FOR THE COMPANY, WHICH ALSO SIGNIFIED THE GROWING EFFICIENCY AND EXPANSION FOR OUR CLIENTS' PORTFOLIOS.

OCTOBER 2019

MAGNETIC MRO PRESENTS A FULL "READY-TO-GO" B737 NG FLIGHT CONTROL KIT

A complete serviceable Boeing 737 NG kit with an EASA Form 1 certificate, which is provided in "ready-to-go" condition, is one of the great examples how Magnetic MRO keeps on introducing new service programmes and solutions to its clients.

NOVEMBER 2019

MAGNETIC MRO PAINTED SAS'S FIRST ATR72 IN THEIR NEW LIVERY.

The flight operator SAS entrusted the Magnetic MRO painting department to work on their rebranded livery.

ENE KRINPUS, HR MANAGER

We are delighted that the cooperation between the Estonian Aviation Academy and Magnetic MRO has been successful, and the first intake of vocational study participants have completed their study period and taken a big leap in aviation. We are proud that we can offer this kind of apprenticeship programme in cooperation with the Estonian Aviation Academy and support talented people in Estonia in making their first steps in the industry.

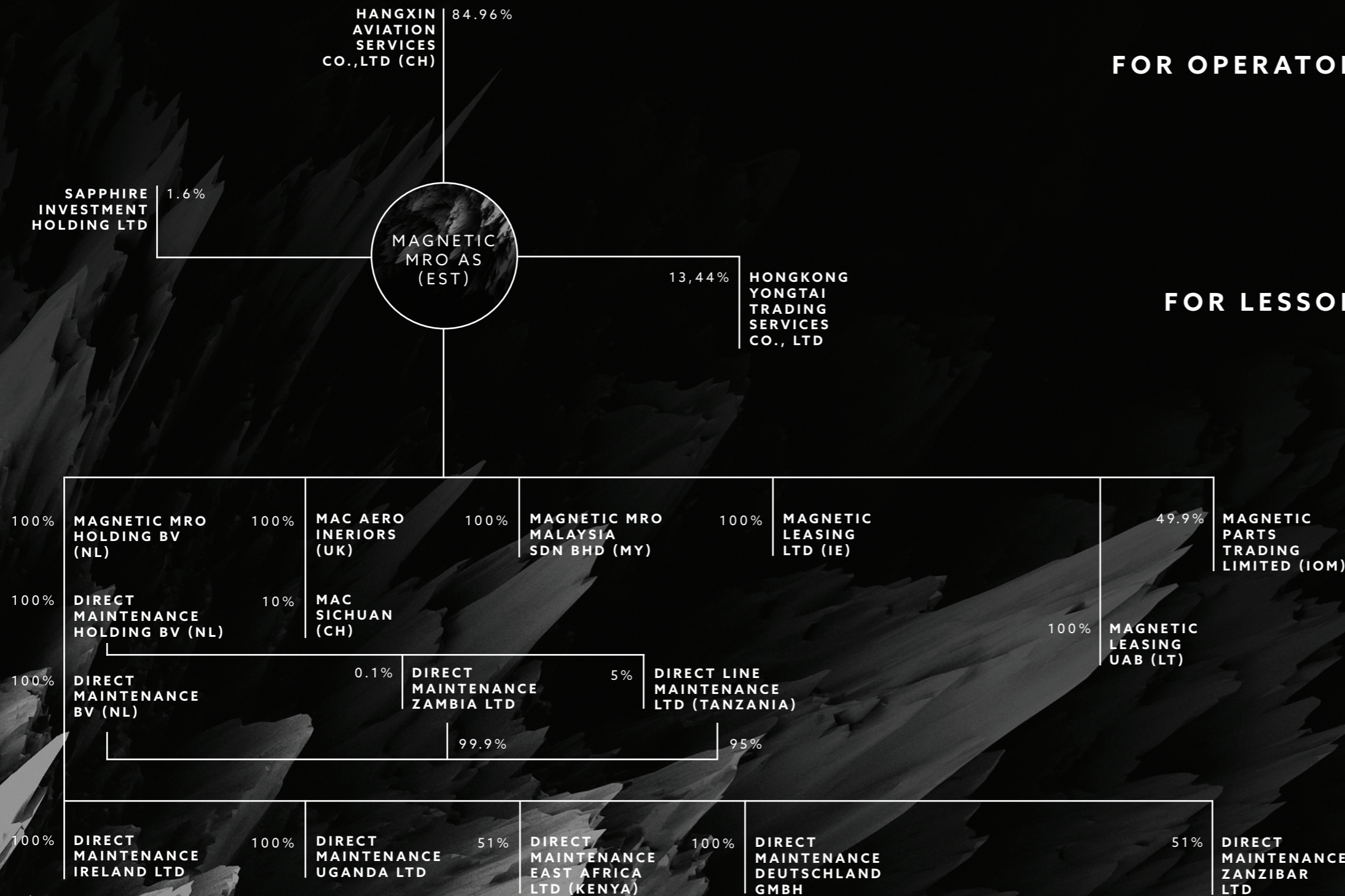
DECEMBER 2019

THE VERY FIRST INTAKE OF STUDENTS COMPLETED ESTONIA'S VERY FIRST VOCATIONAL PROGRAMME FOR AIRCRAFT MECHANICS, WHICH WAS SET UP BY MAGNETIC MRO, WITH THE SECOND INTAKE STARTING IMMEDIATELY AFTER IN EARLY 2020.

Magnetic MRO launched AIMM (Apprenticeship & Internship at Magnetic MRO) as a unique project to train and employ apprentices with specialisations in different areas. During the two-year-long apprenticeship period, the training is conducted as part of Estonia's leading vocational study programme in aviation, designed by the Estonian Aviation Academy.



MAGNETIC MRO STRUCTURE



MAGNETIC MRO SERVICES

FOR OPERATORS

- BASE MAINTENANCE
- LINE MAINTENANCE
- ENGINE FLEET MANAGEMENT
- ENGINE REPAIR
- SPARE PARTS & COMPONENTS
- INTEGRATED ENGINEERING SERVICES
- INTERIOR DESIGN & PRODUCTION
- FULL AIRCRAFT PAINTING
- TECHNICAL TRAINING COURSES
- ENGINESTANDS24

FOR LESSORS

- ASSET ACQUISITIONS & MANAGEMENT
- TECHNICAL SUPPORT DURING LEASES
- END-OF-LIFE ASSET MANAGEMENT
- TRANSITIONS BETWEEN LESSEES
- TECHNICAL SUPPORT DURING LEASES
- RISKS/REWARDS SHARING PROJECTS





COVID-19 STORY AT MAGNETIC MRO

2020, as for many other companies around the world, has also been a very challenging time for Magnetic MRO. The aviation industry, which we all believed is forever growing, got severely hit by the COVID-19 crisis, and Magnetic MRO, being an international company with offices and subsidiaries in Europe, Africa and Asia, had many different frontlines to manage. In February and March, when the crisis started to take off, it had an immediate impact on Magnetic MRO customers and revenue streams. We saw a drop in revenue and profits, we saw a changing and struggling market situation ahead, but we also recognised opportunities lying in the chaos and recognised our advantage in size, agility and strong team spirit that would help us to get through the crisis, even without knowing what would be ahead of us and for how long. We recognised the chance to turn the chaos to our advantage in the form of new business opportunities, while going through the crisis and building up the overall resilience and men-

tal toughness of the team and the company.

During February, we recognised that the seemingly faraway virus was moving with high speed towards our own backyard and started to act, leaving many puzzled faces within and outside of the company, trying to understand all of the hassle taken on by the Magnetic MRO Management. We stopped traveling, started studying different COVID-19-related business prognoses, and defined scenarios for Magnetic MRO to follow – as you might recall, the situation changed not in days, but in hours, while the crisis moved into Europe. By the beginning of March, we realised that there is something bigger ahead of us than just a strong wind, so we started putting together and, in parallel, executing an action plan based on “realistic–pessimistic” scenarios (the first prognoses reflected that the COVID recovery would not start before the end of 2020). We shared roles at the management level and started to approach owners, banks, governments and partners

to secure financing, cash flow and, where possible, cut costs or postpone costs by external parties. We evaluated business perspectives for all our 17 business units, assigning them to three categories in light of the crisis: 1) potential to grow, 2) keep as it is, 3) merge with other units or terminate. Based on this, we reviewed our full cost base, including headcount, in great detail and started to execute and restructure the company accordingly. During the headcount reductions, the core focus was to keep our aviation experts, mechanics and technicians with the company. The TOP priority for the company was to keep our employees and the work environment safe from COVID, so the majority of office staff were sent to work from home, and all travel and company visits were limited to an absolute minimum to make sure our employees, especially hangar staff, could continue to work safely.

While executing plans, we continued to regularly communicate with our owners, customers, the government, vendors, banks and employ-

ees to keep everybody up-to-date with developments and to make additional agreements on the fly when receiving more details about the changing market situation and evolving crisis. This was essential; as said earlier, the situation kept on changing within hours and days and, likewise, the execution of company restructuring happened at high speed. As a result of such agility and true cooperation between managers, management and rest of the team, we managed to take our operational cost base down by the end of May: by 6.2M EUR compared to January 2020, which we consider to be remarkable proof of our teamwork and company agility. Since July we have given a clear message to all employees that no more headcount cuts and major cost cuts will be initiated, although we continue strict cost control and the main focus needs to be put back on business development and getting in shape to cope with the “new normal”.

COO_JAN KOTKA





COVID-19



MARCH 2020

LIVE SESSION BY CEO "FREEFALL"

Aviation sector has been badly hit
Main risk areas to secure:

- Employee health
- Liquidity
- Owner & Government support
- Customers/Vendors
- Management salary cut

Various COVID scenarios studied:

- Various COVID impact analyses to aviation sector conducted
- Decision to build action plans according to realistic–pessimistic scenarios (O. Wyman)

FOCUS AREAS FOR MAGNETIC MRO FOR SURVIVING THE CRISIS:

- Keep people safe and informed.
- Save the business. Focus on cash, immediate cost cuts and new businesses.
- Keep employees aware and engaged.

MARCH-MAY 2020

Actions:

- Recruitment stopped/postponed
- Salary increases stopped/postponed
- Bonus payments stopped/postponed
- Preparing for company-wide salary cut and downtime
- All investments postponed
- All non-essential costs stopped/postponed

BU/Departments have presented cost cuts/postponement plans and are executing these actions:

- Salary cuts
- Cut of service-contracted workers
- Tax payments postponement
- Hangar rental payment postponement

Savings initiated for March–August
6.1 M EUR

Requests:

Fight for additional work/deals – cost cutting alone will not save the company.

JUNE 2020

Cost base 2020:

- January 9.8 M EUR
- February 7.4 M EUR
- March 6.1 M EUR
- April 4.9 M EUR
- May 3.2 M EUR

Actions done:

- Reduced material usage & material prices
- Release of Agency Contracted workers
- Reduction of Salaries
- Reduction of Headcount
- Reduction of Purchased Technical services
- Partial downtime during June-Sept

JULY 2020

Back to "new normal" 100% focus on business opportunities and excellent service level.



“ONE OF OUR MOST SIGNIFICANT MILESTONES IN 2019 WAS ACQUIRING DIRECT MAINTENANCE, AN AMSTERDAM-BASED INDEPENDENT LINE MAINTENANCE PROVIDER. THIS BROUGHT MAGNETIC MRO INTO WIDE-BODY AIRCRAFT MARKET.”

RISTO MÄEOTS



ENGINE BUSINESS OF MAGNETIC MRO

Tough but successful – this would be the best description of the year 2019 for Magnetic MRO. Although it started with quite a few changes and challenges, during the year the team managed to overcome all obstacles and reach its objectives – seven aircrafts, as well as twelve engines, sold and leased. The assets business did as expected.

With our new engine repair capability having started in 2018, the engine shop continued in 2019 with an expansion to repair engines for existing and new customers. Thirty-eight engines were served in 2019 providing solid ground for further growth. The extension of capabilities continued, and additional tooling was ordered, enabling the shop to perform more complicated repairs.

The engine material trading team was restructured, and this started to produce positive results. Both revenue and profit grew significantly after the restructuring in the second half of the year. Five engines were torn down, which additionally boosted engine material trading and gave significant support, in the form of necessary materials, to our engine shop. A separate stock was set up in order to fully focus on the support of engine material trading. The leasing of six engines to different customers also significantly impacted 2019's revenue and profit.

2020 started strongly with a very realistic sales pipeline and plan for achieving all the set goals, but with the Covid-19 pandemic the situation became much more complicated as of March 2020.

Although the goals set for 2020 will not be reached as the crisis has hurt us a lot, it also forced us to adapt. Engine material trading and engine leasing suffered the most as aeroplanes were grounded. A limited number of heavy engine repairs were performed around the world, which in total used little material. Engines were simply not needed, and this impacted material trading. Recovery for both engine material trading and engine leasing is visible in the second half of 2020 and we certainly hope that they will recover in 2021.

The crisis slowed down asset trading as well, but it did continue. Certain airlines saw opportunities in these troubled times, and we focused our efforts on them. We plan to deliver six airplanes by the end of 2020 and up to nine engines. In quantity, this significantly exceeds results from 2019 and plans for 2020, but these are projects with less per-project revenue and profitability.

The engine shop continued with stable work during the crisis, widening its customer base, expanding its capability with the arrival of new

tooling, and moving to a new facility that will allow an increase in capacity as well.

The new brand MAGNETIC ENGINES® is being launched as part of our effort to further promote our engine capabilities.

Although seriously affected by the Covid-19 crisis, the engine business of Magnetic MRO will continue its growth. We have resumed the hiring of necessary people, and we have furthered our capabilities to fit the current market need. We have also optimized the allocation of the assets we can trade – the crisis is the best time to buy assets.

As the saying goes – shoot for the Moon. Even if you miss, you'll land among the stars. And we will continue to do so.

BOARD MEMBER_FILIP STANISIC



BUSINESS AND FINANCIAL REVIEW

The second year with the main shareholder Guangzhou Hangxin Aviation Technology Co Limited has passed for the Magnetic MRO Group and has brought with it many dynamic, expansive and strategic changes in some business operations.

In this year, the main drivers of financial results were:

- Acquisition of the Direct Maintenance Group
- Relocation of MAC Interiors production to Estonia

Overall revenue can be divided between business lines as follows: base and line maintenance 38%, spare parts 35%, engine management 15%, and 12% by other business units.

There was an EBITDA drop of 52%; this included costs related to new stations opened by the Direct Maintenance Group in Germany, Direct Maintenance Group integration into Magnetic Group, the relocation of MAC Aero Interiors production to Tallinn, Estonia, and also through

the write-off of doubtful debt from previous periods.

As a result, adjusted EBITDA remained at the same level as in 2018; the adjusted EBITDA margin, however, dropped from 6.32% to 5.15%. The reason for this drop was the volume of capital heavy asset deals in 2019 with a lower margin: in 2018 Magnetic MRO sold one aircraft and six engines, but in 2019 group sold five aircrafts and five engines. The adjusted EBITDA also includes the significant write-off of the debt from previous periods, making up 62% of total adjustments.

Magnetic MRO joint venture company's results were lower than the year before, mainly due to a change in strategy. In the previous year, flip sales were preferable, but in 2019, Magnetic Parts Trading Ltd earned their primary revenue from leasing engines and components. Such activity is usually associated with having lower margins; however, in a long-term perspective, it is more profitable than immediate sales. Despite the lower ratios above, it is worth mentioning that the Group's operational cash flow has gone from -1.4 M EUR in 2018 to +7.9 M EUR

in 2019. The main reason influencing this positive turnaround was well-structured deals with assets when the cash cycle is short.

In 2019, the investing cash flow of 12 M EUR included investment into the Direct Maintenance Group and purchase of fixed assets, including components for power-by-the-hour stock, expanding the pool of engine stands, and investing into line-maintenance workshop tools for engines.

The financing cash flow in the given period turned positive due to the issuance of unsecured bonds, which started in December 2018, and receipt of monetary contributions as share capital from two new shareholders of the Magnetic MRO Group: Sapphire Investment Holding Limited (3,201 new shares) and Hong Kong Yongtai Trading Services Co Limited (26,957 new shares). After subsequent registration of new shareholders, the ownership of the main shareholder Guangzhou Hangxin Aviation Technology Co Limited remained at 84.96%.

CFO_ASTRIT VIISMA-KASS





SIGNIFICANT SUBSEQUENT EVENTS

The COVID-19 pandemic emergency situations declared in the Estonian Republic and other states had a negative impact on financial and operational results of the Magnetic MRO Group. The globality of the emergency situation and the fact that its validity, as well as the victory over the virus, is unpredictable at the current moment means that precise estimation of its financial impact is premature. According to the management viewpoint, the situation is likely to result in goodwill impairment; however, the final impact and possible impairment will be calculated at the end of 2020.

As of December 31st 2019, the group had an unregistered share capital of 5.3 M EUR on its balance sheet. Subsequently Magnetic MRO has received the remaining contribution to share capital and registration was finalised as follows:

Magnetic MRO AS increased its share capital by 20,486.40 EUR and issued 3,201 new shares for the issue price of 950,000 EUR to Sapphire Investment Holding Limited.

a Hong Kong company, on June 5th 2019, and in accordance with the resolution of February 10th 2020 on the increase of the share capital of Magnetic MRO AS.

Magnetic MRO AS increased its share capital by 172,524.60 EUR and issued 26,957 new shares for the issue price of 8,000,000 euros to Hongkong Yongtai Trading Services Co Limited. This was in accordance with the investment agreement entered into with Hong Kong Yongtai Trading Services Co, a Hong Kong company, on June 5th 2019 and in accordance with the resolution of February 10th 2020 on the increase of the share capital of Magnetic MRO AS.

After this share capital increase, the new share capital amounts to 1,283,200 EUR and share premium amounts to 15,376,421 EUR.

Subsequently, on September 21st 2020, Magnetic MRO performed early redemption of previously issued unsecured bonds in full.

In September 2020, Magnetic MRO's application for state aid was approved by the government and the group received a liquidity loan

from Kredex to the sum of 10 M EUR. The maturity of the loan is 5 years and the interest rate is 2%. As of the date of the current report, 8 M euros is received from above mentioned loan.

At the end of the third quarter of 2020, the group's major shareholder made a monetary contribution to the sum of 2,600,000 EUR to the group voluntary reserve.

The management of Magnetic MRO Group, in cooperation with shareholders, has undertaken all above-mentioned activities with the aim of securing the liquidity of the group, avoiding breach of covenant, and maintaining sustainability.



MAGNETIC MRO 2019 KEY FIGURES

REVENUE	107.98	2019	87.1	2018
EBITDA	3.1	(EUR MILLION)	4.7	(EUR MILLION)
ADJUSTED EBITDA*	5.6		5.5	
COMBINED GROUP EBITDA**	8.0		9.3	
NET PROFIT	0.8		5.1	
EBITDA MARGIN	2.9%		5.4%	
ADJUSTED EBITDA MARGIN	5.2%		6.3%	
ROAA	1.6%		14.5%	
ROAE	4.4%		37%	
BALANCE SHEET TOTAL	66.6		39.3	
WORKING CAPITAL	7.5		7.5	
EQUITY	22.6		16.3	
NET FINANCIAL DEBT	16.6		11.7	

* ONE-OFF EXPENSES EXCL

**COMBINED GROUP EBITDA IS THE 49.9% EBITDA OF MPTL AND MMRO'S ADJUSTED EBITDA



MPTL 2019 KEY FIGURES

Magnetic Parts Trading Limited (MPTL) was established by Magnetic MRO and Crestline Investors as a joint venture in 2017 in order to focus on aviation asset investments. While Crestline Investors is furnishing Magnetic

Parts Trading Limited with the majority of its capital needs, Magnetic MRO gets to focus on project management, part-out and the value realization process. Magnetic Parts Trading Limited will focus on acquiring aircraft and engines for imme-

diately part-out, or short-term lease and subsequent part-out. It aims to invest in the most popular narrow-body aircraft types, such as the A320 and B737 families and their corresponding engines.

REVENUE	17.1	2019	35.7	2018
EBITDA	4.9	(EUR MILLION)	7.6	(EUR MILLION)
NET PROFIT	1.5		4.0	
EBITDA MARGIN	28.9%		21.3%	
ROAA	3.9%		11%	
NET CASH FLOWS	-2.97		2.5	
BALANCE SHEET TOTAL	42.0		36.0	
WORKING CAPITAL	22.4		16.6	
EQUITY	5.4		3.8	
NET FINANCIAL DEBT	17.1		16.9	



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements are prepared in accordance with the Estonian financial reporting standards. The Estonian

financial reporting standards are prescribed by the Accounting Act of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

MAGNETIC MRO CONSOLIDATED INCOME STATEMENT

	2019 (EUR MILLION)	2018 (EUR MILLION)
REVENUE	108.0	87.1
COST OF SALES	-94.6	-74.9
GROSS PROFIT (LOSS)	13.4	12.2
DISTRIBUTION COSTS	-0.5	-0.6
ADMINISTRATIVE EXPENSE	-13.3	-9.2
OTHER INCOME	0.8	0.7
OTHER EXPENSE	-0.1	-0.1
OPERATING PROFIT (LOSS)	0.3	3.0
PROFIT (LOSS) FROM ASSOCIATES	1.1	1.7
INTEREST INCOME	0.5	0.6
INTEREST EXPENSES	-1.0	-0.2
PROFIT (LOSS) BEFORE TAX	0.8	5.1
INCOME TAX EXPENSE	0.1	0
ANNUAL PERIOD PROFIT (LOSS)	0.9	5.1
PROFIT (LOSS) FROM SHAREHOLDERS AND PARTNERS IN PARENT COMPANY	1.1	5.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019 (EUR MILLION)	2018 (EUR MILLION)
ANNUAL PERIOD PROFIT (LOSS)	0.9	5.1
OTHER COMPREHENSIVE INCOME (EXPENSE):		
EFFECT ON UNREALISED EXCHANGE RATE CHANGES	0.1	0
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	0.1	0
ANNUAL PERIOD COMPREHENSIVE INCOME (EXPENSE)	1.0	5.1
COMPREHENSIVE PROFIT (LOSS) FROM SHAREHOLDERS AND PARTNERS IN PARENT COMPANY	1.2	5.1
MINORITY INTEREST	-0.2	-

MAGNETIC MRO BALANCE SHEET CONSOLIDATED

	2019 (EUR MILLION)	2018 (EUR MILLION)
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	5.7	0.9
RECEIVABLES AND PREPAYMENTS	21.5	17.4
INVENTORIES	14.4	7.4
TOTAL CURRENT ASSETS	41.6	25.8
NON-CURRENT ASSETS		
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	2.5	1.7
RECEIVABLES AND PREPAYMENTS	4.6	4.9
PROPERTY, PLANT AND EQUIPMENT	8.3	6.2
INTANGIBLE ASSETS	9.6	0.7
TOTAL NON-CURRENT ASSETS	25.0	13.6
TOTAL ASSETS	66.6	39.3
LIABILITIES		
CURRENT LIABILITIES		
LOAN LIABILITIES	7.6	6.9
PAYABLES AND PREPAYMENTS	26.5	11.4
TOTAL CURRENT LIABILITIES	34.1	18.2
NON-CURRENT LIABILITIES		
LOAN LIABILITIES	9.1	4.8
PAYABLES AND PREPAYMENTS	0.9	0
TOTAL NON-CURRENT LIABILITIES	10.0	4.8
TOTAL LIABILITIES	44.0	23.1
EQUITY		
EQUITY HELD BY SHAREHOLDERS AND PARTNERS IN PARENT COMPANY		
ISSUED CAPITAL	1.1	1.1
UNREGISTERED SHARE CAPITAL	5.3	-
SHARE PREMIUM	6.6	6.6
STATUTORY RESERVE CAPITAL	0.1	0.1
UNREALISED EXCHANGERATE	0.1	-0.1
RETAINED EARNINGS (LOSS)	8.3	3.4
ANNUAL PERIOD PROFIT (LOSS)	1.1	5.1
TOTAL EQUITY HELD BY SHAREHOLDERS AND PARTNERS IN PARENT COMPANY	22.6	16.3
MINORITY INTEREST	0	-
TOTAL EQUITY	22.6	16.3
TOTAL LIABILITIES AND EQUITY	66.6	39.3

MAGNETIC MRO CASH FLOW CONSOLIDATED

	2019 (EUR MILLION)	2018 (EUR MILLION)
CASH FLOW FROM OPERATING ACTIVITIES		
OPERATING PROFIT (LOSS)	0.3	3.0
ADJUSTMENTS		
DEPRECIATION AND IMPAIRMENT LOSS (REVERSAL)	2.8	1.7
PROFIT (LOSS) FROM SALE OF NON-CURRENT ASSETS	-0.7	-0.3
TOTAL ADJUSTMENTS	2.1	1.3
CHANGES IN RECEIVABLES AND PREPAYMENTS	-1.6	-6.4
CHANGES IN INVENTORIES	-7.0	1.1
CHANGES IN PAYABLES AND PREPAYMENTS	14.1	-0.5
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	7.9	-1.4
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF PPE AND INTANGIBLE ASSETS	-3.8	-2.9
PROCEEDS FROM SALES OF PPE AND INTANGIBLE ASSETS	1.0	1.1
OTHER CASH PAYMENTS TO ACQUIRE SUBSIDIARIES	-9.3	-0.3
TOTAL CASH FLOW FROM INVESTING ACTIVITIES	-12.1	-2.1
CASH FLOW FROM FINANCING ACTIVITIES		
LOANS RECEIVED	6.1	7.2
REPAYMENTS OF LOANS RECEIVED	-3.3	-0.1
PROCEEDS FROM OVERDRAFT	2.1	-3.5
PROCEEDS FROM FINANCE LEASE	-0.3	-0.2
INTEREST PAID	-1	-0.2
PROCEEDS FROM GOVERNMENT GRANTS	0	0.1
CONTRIBUTION TO SHARE CAPITAL	5.3	-
TOTAL CASH FLOW FROM FINANCING ACTIVITIES	8.9	3.3
TOTAL CASH FLOW	4.7	-0.2
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	0.9	1.1
CHANGE IN CASH AND CASH EQUIVALENTS	4.7	-0.2
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	5.7	0.9

MAGNETIC MRO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ISSUED CAPITAL	UNREGISTERED SHARE CAPITAL	SHARE PREMIUM	STATUTORY RESERVE CAPITAL	UNREALISED EXCHANGE RATE	RETAINED EARNINGS (LOSS)	MINORITY INTEREST	TOTAL (EUR MILLION)
31.12.2017								
ANNUAL PERIOD PROFIT (LOSS)	1.1		6.6	0.1	-0.1	3.4		11.2
31.12.2018								
ANNUAL PERIOD PROFIT (LOSS)	1.1		6.6	0.1	-0.1	8.5		16.3
CONTRIBUTION TO SHARE CAPITAL		5.3				1.1	-0.2	5.3
OTHER CHANGES IN EQUITY					0.1	-0.2	0.2	0.2
31.12.2019								
	1.1	5.3	6.6	0.1	0.1	9.4	0	22.6





TESTIMONIALS

AIRBALTIC

"AS THE BALTIC LEADING AIRLINE, WE ARE PLEASED TO WORK WITH MAGNETIC MRO TEAM. THEIR DEDICATION AND ABILITY TO WORK UNDER SHORT DEADLINES HAVE REACHED GOOD RESULTS. MAGNETIC MRO DID A GREAT JOB BY PAINTING THREE OF OUR NEW AIRBUS A220 AIRCRAFT INTO ONE-OFF LIVERY, FEATURING THE COLOURS OF THE BALTIC COUNTRIES' NATIONAL FLAGS."

SCANDINAVIAN AIRLINES SYSTEM (SAS)

"A FAMILIAR AND GREAT PLACE WITH EXCELLENT CUSTOMER SERVICE, AND HIGHLY PROFESSIONAL WITH DEDICATED STAFF THAT WILL GO ABOVE AND BEYOND. SIMPLY A GREAT PARTNER TO RELY ON." DEPARTMENT."

VOLOTEA

"A CUSTOMER-ORIENTED TEAM, PROFESSIONAL AND ALWAYS WILLING TO HELP THE CUSTOMER. COMPLETELY COMMITTED TO ACHIEVING THE TAT GOAL."

ENTER AIR

"THE CONTACT WITH CUSTOMER SUPPORT WAS EXCELLENT. ALL THE PEOPLE AT MAGNETIC MRO ARE VERY HELPFUL AND THE SERVICE WAS OF A REALLY HIGH LEVEL. EVERYTHING WAS PERFECTLY ON TIME, EVEN THOUGH THERE WERE SOME ADDITIONAL TASKS. THE CUSTOMER SUPPORT IS SO GOOD THAT WE WILL CONTINUE OUR COOPERATION WITH THEM. MAGNETIC MRO CONSISTS OF SKILLED PROFESSIONALS WITH AN EXCELLENT WORK ETHIC."

RYANAIR

"ALL TASKS ASSIGNED TO THE CHECK WERE THOROUGHLY INVESTIGATED AND ANY CLARIFICATION REQUIRED ESTABLISHED IN ADVANCE OF THE CHECK. FACILITIES EXCEED ALL OTHER MROS I HAVE BEEN TO. ALL MY NEEDS WERE CATERED FOR AND MORE."



